I. PREFACE TO FINAL ENVIRONMENTAL IMPACT REPORT

PURPOSE

This document is the Final Environmental Impact Report (EIR) for the Shell Martinez Marine Terminal Lease Consideration Project (Project). The Final EIR has been prepared for consideration by the California State Lands Commission (CSLC), as the Lead Agency for this Project, pursuant to the California Environmental Quality Act (CEQA) (California Public Resources Code § 21000 et seq.) and in accordance with the State CEQA Guidelines (Title 14, California Code of Regulations [CCR] § 15000 et seq.).

This Final EIR, which is reproduced for convenience in one document, replaces and incorporates the entire January 2010 Draft EIR. It includes comments received during the 45-day public comment period, responses to those comments, and revisions to the text of the Draft EIR in response to comments received or for reasons that include: to include updated information; to refine discussions and resolve internal inconsistencies; and to correct typographical errors and errant cross-references discovered after publication of the Draft EIR. Some changes have resulted in a shifting of text from one page to another. Revisions to the Draft EIR are shown as follows:

- Additions to the text of the Draft EIR are <u>underlined</u>; and
- Deletions of the text of the Draft EIR are shown as strikeout.

The Final EIR may be viewed at the following repository locations and on the CSLC website (www.slc.ca.gov/Division_Pages/DEPM/DEPM_Home_Page.html):

Martinez Library	CSLC, Marine Facilities Division	CSLC, Division of Environmental
740 Court Street	750 Alfred Noble Drive, Ste. 201	Planning and Management
Martinez, CA 94553	Hercules, CA 94547	100 Howe Avenue, Ste.100-South
(925) 646-2898	(510) 741-4950	Sacramento, CA 95825
		(916) 574-1310

PROJECT DESCRIPTION

The proposed Project involves Equilon Enterprises LLC, doing business as Shell Oil Products US (Shell or Applicant), entering into a new 30-year lease of California sovereign land offshore of the city of Martinez, Contra Costa County, for the Shell Martinez Marine Terminal (Shell Terminal) (see Final EIR Figure ES-1). The current lease, PRC 4908, has been considered by the CSLC to be in holdover since at least 2009 (i.e., the Shell Terminal is continuing to operate under the terms of its existing lease while a decision on a new lease is pending). A new 30-year lease, if granted, would allow Shell to continue to operate its Shell Terminal through July 31, 2039. The Project would involve continuing operations at the Shell Terminal, which has been in operation since 1915 and which is part of the adjacent Shell Refinery (Refinery). The Refinery is not located on State lands and is not subject to a lease from the CSLC.

The Shell Terminal is located on the south shore of the Carquinez Strait approximately one-half mile west of the Benicia-Martinez Bridge (I-680). The T-shaped Shell Terminal consists of a 1,850-foot long, average 150-foot wide, concrete wharf connected to shore by a 1,900-foot long, 16-foot wide, elevated wooden approach trestle, with a 40-foot-wide pile-supported pipe rack paralleling the trestle (see Final EIR Figure 2.3-1). The Shell Terminal docking facility has four berths – two berths (#1 and #2) on the outer (north) side, and two berths (#3 and #4) on the inner (south) side.

The proposed Project does not include expansion of existing facilities, an increase in throughput capacity, or construction of new facilities. Shell performs ongoing maintenance, repair, replacement, seismic upgrades, and in some cases removal operations at the Shell Terminal to keep the Terminal's pipelines and associated facilities in compliance with current engineering and safety codes, including the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS), which are codified as Title 24, CCR, Part 2, California Building Code, Chapter 31F – Marine Oil Terminals (24 CCR § 3101F et seq.). The Project includes implementing future maintenance and MOTEMS compliance activities as needed at the Shell Terminal through the year 2039.

ORGANIZATION OF FINAL EIR

Consistent with State CEQA Guidelines section 15132, the Final EIR consists of the following elements:

- Preface (Section I);
- Comments and Responses to Comments received on the Draft EIR, including a list of persons, organizations, and public agencies that commented on the Draft EIR (Section II); and
- Revisions to the Draft EIR and any other information added to the EIR by the CSLC as Lead Agency (Section III).

DECISION-MAKING PROCESS

The CSLC has jurisdiction over the approximately 28-acre footprint of sovereign land leased to Shell and is, therefore, the Lead Agency for this Final EIR. The State CEQA Guidelines stipulate that an EIR must be prepared for any project that may have a significant impact on the environment. The CSLC has determined that: (1) the Shell Terminal Lease Consideration is a "project" as defined by the Guidelines; (2) the Project may have a significant adverse impact on the environment; and (3) an EIR is required.

The CSLC will use this Final EIR as part of its approval process, including determining whether or not to issue a lease of State lands for continued operation of the Shell Terminal. If the EIR is certified and the Project approved, the CSLC will set the conditions of the lease agreement and incorporate mitigation measures for Project implementation. The CSLC must certify that:

The Final EIR has been completed in compliance with CEQA;

- The Final EIR was presented to the CSLC in a public meeting and the CSLC reviewed and considered the information contained in the Final EIR prior to considering the proposed Project; and
- The Final EIR reflects the CSLC's independent judgment and analysis (State CEQA Guidelines § 15090).

In conjunction with certification of the Final EIR, the CSLC must prepare one or more written findings of fact for each significant environmental impact identified in the document. These findings must either state that:

- The Project has been changed (including adoption of mitigation measures) to avoid or substantially reduce the magnitude of the impact;
- Changes to the Project are within another agency's jurisdiction and have been or should be adopted; or
- Specific considerations make mitigation measures or alternatives infeasible.

If any impacts identified in the EIR cannot be reduced to a level that is less than significant, the CSLC may issue a Statement of Overriding Considerations for Project approval if specific social, economic, or other factors justify the Project's unavoidable adverse environmental effects. If the CSLC approves a project for which a Final EIR has been prepared and certified, the CSLC will issue a Notice of Determination.

The CSLC's Marine Facilities Division staff is also responsible for ensuring that Shell is in compliance with the following requirements.

- CSLC Marine Terminal Oil Pipelines regulations (2 CCR § 2560 et seq.). CCR Section 2560(b) states in part that the purpose of the CSLC regulations is "to provide the best achievable protection of the public health and safety and of the environment by using the best achievable technology in providing for marine terminal oil pipeline integrity."
- MOTEMS (24 CCR § 3101F et seq.). The MOTEMS, which became effective on February 6, 2006, apply to all existing and new marine oil terminals in California, and include criteria for inspection, structural analysis and design, mooring and berthing, geotechnical considerations, and analysis and review of the fire, piping, mechanical and electrical systems. MOTEMS require each marine oil terminal to conduct an audit to determine the level of compliance and an evaluation of the continuing fitness-for-purpose of the facility. The existing facilities, and any future maintenance, repair, fender system upgrades, seismic upgrades, and replacement activities, are currently subject to existing, or may be subject to new, permits, approvals, and regulatory requirements.
- California Marine Invasive Species Act (MISA). Exchanges of ballast water must meet MISA requirements.

Other agencies that have regulations or inspection requirements or that have granted existing, or may grant new, permits and approvals, include:

- Bay Area Air Quality Management District (BAAQMD);
- California Department of Fish and Game (CDFG), Office of Spill Prevention and Response (OSPR);
- California Department of Transportation (Caltrans);
- Contra Costa County Public Works Department;
- San Francisco Bay Conservation and Development Commission (BCDC);
- San Francisco Bay Regional Water Quality Control Board (SFBRWQCB);
- State Fire Marshal;
- U.S. Army Corps of Engineers (USACE); and
- U.S. Coast Guard (USCG).

Examples of permits and approvals that may be required include the BAAQMD's Major Facility Review Permit (air quality) for Shell Terminal and Refinery facilities, a USACE permit for maintenance dredging and disposal, a USCG "Certificate of Adequacy" as an oily waste reception facility, and any transportation permits required by Caltrans for transportation of heavy construction equipment and/or materials that would require the use of oversized-transport vehicles on State highways.

PROJECT CEQA CHRONOLOGY

The following is a brief chronology of the CEQA review process associated with the proposed Project (see also EIR Section 1.3 [Public Review and Comment]).

- July 21, 2004. Notice of Preparation (NOP) published. (The environmental setting
 existing at the time the NOP is published normally constitutes the baseline physical
 conditions by which a Lead Agency determines whether an impact is significant
 [State CEQA Guidelines § 15125(a)].)
- August 20, 2004. Two scoping meetings held in the city of Martinez, California.
- January 11, 2010 February 24, 2010. Draft EIR released for 45-day public review with comments accepted by mail, email, facsimile transmission, and in person at two public meetings. Six written comments were received during the public review period.
- **February 10, 2010**. Public meetings on Draft EIR held at 3:30 and 5:30 p.m. At these meetings, the public and agencies had the opportunity to ask questions about the EIR and its contents and present oral and/or written testimony on the Draft EIR and its contents. No one provided comments at the public meetings.
- February 25, 2010 June 23, 2011. In preparing this Final EIR, the CSLC staff responded to all comments received, obtained additional information as needed to respond to comments, and revised the Draft EIR (see Final EIR Sections II and III). The CSLC hearing on the Final EIR and action on the proposed Project is scheduled for June 23, 2011 (please confirm at www.slc.ca.gov).